



IMPACT OF COVID -19 ON SERVICE SECTOR & REVIVAL STRATEGIES

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ABSTRACT

Coronavirus disease (COVID-19) is having an unprecedented and unpredictable impact on the world's economy. The coronavirus epidemic (COVID19) has affected the global economy and service sector. The service sector can be viewed as an intangible economic activity that can neither be stored nor result in any ownership, but plays a very special role in the country's economy. It has a very notable impact on the India's economy by its contribution which is around 55 % of the total economy. It has emerged as the largest and fastest-growing sectors of the Indian economy, making higher contributions to national income and employment. The covid 19 has worst impacted each and every sector of the market so as the service sector. Sectors like Education, Health Care, Gym, Tourism have witnessed a direct impact as the involvement of the people/Customers/Consumers were limited or completely shut. The purpose of the current study is to assess the effect of COVID-19 on service sector growth and sustainability.

KEYWORDS: Coronavirus, Pandemic, India, Economy, Service Sector, GDP, Strategy.

INTRODUCTION:

The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction. Within a short span of 50 years since independence, the contribution of the service sector in India to the country's GDP is a lion's share of over 60%.

This paper is written by keeping in mind the Pre and Post COVID situation and would depict how the service providers changed themselves during this challenging time in their business approach, the assignment focuses on positive impact it has brought than the negative, it doesn't mean it hasn't created or left any negative impact, to mention the COVID has created havoc mostly in the unorganized sector where the employees are purely dependent on daily wages, unsecured jobs etc., in county like India most of the people living in rural area migrate to the metro cities in search of better life, when these types of situation arises it is only such majority of people suffer and we have seen the type of problems it imposed on the entire system.

INDUSTRY DEVELOPMENTS:

Some of the developments in the services sector in the recent past are as follows:

- In October 2021, India's service exports increased by 23.52% to reach US\$ 20.86 billion, while imports stood at US\$ 12.71 billion.
- The Indian services sector was the largest recipient of FDI inflows worth US\$ 88.95 billion between April 2000 and June 2021. The services category ranked 1st in FDI inflow as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).
- In the first-half of 2021, private equity investments in India stood at US\$ 11.82 billion, as compared with US\$ 5.43 billion in the same period last year.
- In August 2021, the Department of Telecommunications (DoT) issued a letter of intent (LoI) to One Web (backed by Bharti Group) for satellite communication services license.
- In July 2021, Tata Teleservices collaborated with Zoom Video Communications to offer bundled communication services.
- In June 2021, India's exports increased by 48.34% to US\$ 32.5 billion, marking the seventh consecutive month of growth.
- In April 2021, the Ministry of Education (MoE) and University Grants Commission (UGC) started a series of online interactions with stakeholders to streamline forms and processes to reduce compliance burden in the higher education sector, as a follow-up to the government's focus on ease of doing business to enable ease of living for stakeholders.

- On March 17, 2021, the Health Ministry's eSanjeevani telemedicine services crossed 3 million (30 lakh) teleconsultations since its launch, enabling patient-to doctor consultations from the confines of their home and doctor-to-doctor consultations.

GOVERNMENT INITIATIVES:

The Government of India recognizes growth in services sector and provides several incentives across a wide variety of sectors like health care, tourism, education, engineering, communications, transportation, information technology, banking, finance and management among others.

The Government of India has adopted few initiatives in the recent past, some of these are as follows:

- In October 2021, Prime Minister, Mr. Narendra Modi, approved the establishment of 157 new medical colleges to boost accessibility of affordable health treatments among citizens.
- In October 2021, the government launched a production linked incentive (PLI) scheme to boost manufacturing of telecom and networking products in India. The scheme is expected to attract an investment of ~Rs. 3,345 crore (US\$ 446.22 million) over the next four years and generate additional employment for >40,000 individuals.
- In October 2021, the government launched phase-II of the Mahatma Gandhi National Fellowship to empower students and boost skill development.
- In October 2021, the PM Ayushman Bharat Health Infrastructure Mission was launched by the government, to strengthen the critical healthcare network across India in the next four to five years.
- In September 2021, India and the UK joined the 11th Economic and Financial Dialogue (EFD) to discuss the FTA (Free Trade Agreement) opportunities in services.

IMPACT:

- Insurance:** The new business premium for life insurers in India shrunk for the second month in April, with business significantly hit by the covid-19 outbreak and the subsequent lockdown. According to the Insurance Regulatory Development Authority of India, in April, new business premium declined 32.6% to ₹ 6,728 crore as against ₹ 9,928 crore for the same period of last year. The extended phase of lockdown and its related restrictions will have a negative impact on the new business premiums growth in 2020.

Among large private insurers, HDFC Life Insurance Co.'s new business pr

mium dropped 53% to ₹ 669 crore, while ICICI Prudential Life Insurance saw it plunging by around 60% to ₹ 256 crore.

- 2. Tourism:** The most visible and immediate impact of Covid-19 is seen in the hotel and tourism sector in all its geographical segments - inbound, outbound and domestic and almost all verticals - leisure, adventure, heritage, MICE (Meetings, Incentives, Conferences & Exhibitions), cruise and corporate.

The Indian tourism Industry is projected to book a revenue loss of Rs. 1.25 trillion in calendar 2020 as a fall out of the shutdown of Hotels and suspension of Flight Operations after the onset and spread of the Covid 19 pandemic.

Effects:

- On account of Corona virus, the Indian tourism and hospitality industry is expecting a potential job loss of around 38 million.
- In the third week of March 2020 itself, the hotel sector saw a decline of more than 65% in occupancy levels as compared to the same period in 2019.
- With international and domestic travel on halt, demand for turbine fuel has substantially declined.
- Indian Association of Tour Operators (IATO) estimates the hotel, aviation and travel sector together may suffer a loss of about ₹ 85 billion keeping in mind the travel restrictions imposed on foreign tourists.
- The restaurant industry in India is expecting almost zero revenue in the immediate term, and a drop of 50% in the months to come.
- Aviation industry in India could incur losses worth ₹ 27,000 crore (\$3.3-3.6 billion) in the first quarter of 2020-21.

- 3. Banks:** The uncertainty from COVID-19 will remain for the foreseeable future. Banks and capital markets institutions have no choice but to remain hyper vigilant and rewrite their business continuity playbooks as circumstances change. Banks need to actively consider the immediate needs of their people and simultaneously the multiple near-, short-, and medium-term operational, financial, risk, and regulatory compliance implications.

They have an opportunity to support market and economic activity and to facilitate a quick return to stability. If banks and capital markets firms respond well to these unprecedented challenges, they will not only help society, but also increase trust and the reputation of the banking industry in the long run.

- 4. Education:** COVID-19 is impacting almost every sector of the economy. And, the education sector is no exception. Schools, colleges, and institutes are close even, and students are at home with the least contact with friends.

Indeed, even graded tests like GRE, SATs, GMAT, and ACT are on a delay, and the fate of students hang in a critical state! According to the UNESCO Institute for Statistics, the COVID-19 pandemic has led to the closure of schools in 188 countries, affecting more than 1.5 billion students and 63 million primary and secondary teachers worldwide

NEGATIVE IMPACTS OF COVID-19 ON EDUCATION:

- 1. Sluggish Cross-border Movement of Students:** Universities in many countries such as Australia, UK, New Zealand, and Canada are highly dependent on the movement of students from China and India. Many parents will avoid sending students abroad for higher education due to high risk from the pandemic.
- 2. Passive Learning by Students:** The sudden shift to online learning without any planning—especially in countries like India where the backbone for online learning was not ready and the curriculum was not designed for such a format -- has created the risk of most of our students becoming passive learners and they seem to be losing interest due to low levels of attention span.
- 3. Unprepared Teachers for Online Education:** Online learning is a special kind of methodology and not all teachers are good at it or at least not all of them were ready for this sudden transition from face to face learning to online learning.

POSITIVE IMPACTS OF COVID-19 ON EDUCATION:

- 1. Rise In Blended Learning:** Universities and colleges will shift to a model of blended learning where both face to face delivery along with an online model will become a norm. This will require all teachers to become more technology savvy and go through some training to bring themselves to the level that would be required.
- 2. Learning Management Systems to be The New Norm:** A great opportunity

will open up for those companies that have been developing and strengthening learning management systems for use by universities and colleges.

- 3. Improvement in Learning Material:** There is a great opportunity for universities and colleges to start improving the quality of the learning material that is used in the teaching and learning process.

REVIVAL STRATEGIES:

- Protect Your People and Customers:** The first, immediate requirement is to take care of employees and the customers they serve by protecting everyone's security and safety. Organizations are already following public-health authorities' recommendations, implementing contactless processes, increasing physical distance, instituting temperature checks, and issuing personal protective equipment (PPE) whenever possible. Although progress is not uniform, the process shows signs of success.
- Stabilize A Suddenly Virtual Workforce:** WFH needs have now reached well beyond the scope of roles and duration of activities that most organizations have ever contemplated. As companies "virtualized" workforces overnight, it became evident that WFH looks very different in large, core operations functions than in many corporate roles.
- Manage Service-level Expectations and Contracts:** For many organizations, the unfolding crisis has caused shifts in customer demand that are unprecedented in both magnitude and suddenness. Organizations are rushing to reorient, seeking to respond to the fluctuating dynamics while maintaining efficiency—even as revenues and cash flow become unpredictable as well.

CONCLUSION:

Service Sector has been deeply impacted by Pandemic. It results in disruption of so many services, causing many companies to go belly-up. However, essential services are trying to maintain the pace with the rising demand. Collaboration among various sectors and industries is the only way to overpower this invisible enemy. By 2025, healthcare industry is expected to reach US\$ 372 billion. India's digital economy is estimated to reach US\$ 1 trillion by 2025. By end of 2023, India's IT and business services sector is expected to reach US\$ 14.3 billion with 8.25% growth.

On Service Sector, the Covid 19 impact is huge, but the country is coming to normalcy from the Covid-19 second wave but with the efforts of GOI, we are sure to see tackling of the cases in case of third wave of Covid-19 pandemic. Post Covid-19 will be the game changer for industry in general and services sector in particular as we are all gearing up to face the challenge with a positive note of embracing the new normal in India.

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